

REMARKS

In the first office action, claims 1 through 48 were rejected. Claims 30 - 38 were rejected under 35 U.S.C. 102(b) as being anticipated by Applicant's disclosed Offer for Sale of the claimed invention. Then claims 1 - 29 and 39 - 48 were rejected under 35 U.S.C. 103(a) on the grounds of the Applicant's disclosed Offer for Sale considered as prior art in review of Den Oude. Reconsideration is requested.

With regard to the "on sale bar" this is discussed in the Manual of Patent Examining Procedure, § 2133.03 (b) "On Sale". For the convenience of the Examiner, the pertinent language is discussed below. Page 1, first paragraph:

... The on-sale bar of 35 U.S.C. 102(b) is triggered if the invention is both (1) the subject of a commercial offer for sale not primarily for experimental purposes and (2) ready for patenting, Pfaff v. Wells Elecs., Inc., 525 U.S. 55, 67, 48 USPQ2d 1641, 1646-47 (1998).

To put the case law in perspective as stated in the EZ Dock, Inc. v. Schafer Sys., Inc., case: "Before the Supreme Court's decision in Pfaff, this court used a multifactor, 'totality of the circumstances' test to enforce the on-sale bar." EZ Dock, Inc. v. Schafer Sys., Inc., 276 F.3d 1347, 1351 (Fed.Cir.2002).

Now with regard to the second prong of the above-noted test in Pfaff, the Supreme Court elaborated on two possible ways to satisfy this prong. Pfaff, 525 U.S. at 67, 119 S.Ct. 304. The Supreme Court explained that the second condition ready for

patenting "may be satisfied in at least two ways: by proof of reduction to practice before the critical date; or by proof that prior to the critical date the inventor had prepared drawings or other descriptions of the invention that were sufficiently specific to enable a person skilled in the art to practice the invention." *Id.* at 59, 119 S.Ct. 304.

I bring up this background to present a clearer picture of the legal framework for the present issues. I noted in the Examiner's response on page 4 that the Examiner cited the 1989 Federal Circuit case, *RCA Corp. v. Data Gen. Corp.*, and since that time, the legal landscape has changed somewhat due to the Supreme Court decision in *Pfaff*. To get a better visual of the prongs in their conjunctive and disjunctive nature in the hierarchical fashion, I attached herewith a quick visual map as Attachment A to provide a general gestalt of the issues.

Therefore, with an appreciation of how reduction to practice fits within the legal framework has one way of showing the second prong of the *Pfaff* case, there will now be a focused discussion upon the first necessary prong of the *Pfaff* case related to "the subject of a commercial's offer for sale not primarily for experimental purposes." Therefore, I would like to elaborate upon the fact pattern and legal holding within the *EZ Dock* case, which found the commercial sale to be experimental and thus not invoking the 35 USC 102(b) bar.

With the regard to *EZ Dock v. Schafer Systems*, at 276 F.3d 1347, this case cites *Pfaff*, which is noted above, and of course relies upon the two-prong test to determine if USC §102(b) is invoked. Of course, the *EZ Dock* case was in appeal from summary judgment; however, the court nonetheless did not find that the stipulated facts rose to the level of finding a statutory 102(b) on sale bar.

Before Pfaff, reduction to practice was a central focus of both the on-sale bar and experimental use negation thereof. See, e.g., *Seal-Flex, Inc. v. Athletic Track & Court Constr.*, 98 F.3d 1318, 1324, 40 USPQ2d 1450, 1454 (Fed.Cir.1996). The coincidence of reduction to practice as a focal point for both aspects brought a symmetry, and often a simplicity, to the analysis. As stated in the RCA Corp case, an invention could be the subject of an experimental use anytime up to reduction to practice. *RCA Corp. v. Data Gen. Corp.*, 887 F.2d 1056, 1061, 12 USPQ2d 1449, 1453 (Fed.Cir.1989).

Therefore, it can be appreciated that prior to EZ Dock and Pfaff, reduction to practice with the central focus; however, Pfaff changed the test for when an on-sale bar is triggered where the Supreme Court has positioned the factor of reduction to practice in the framework such as that shown in Attachment A.

With regard to the first prong of the Pfaff test, reference is made to the facts of the EZ Dock case, which are now listed below.

Facts Related to the First Prong of the Pfaff Test as Recited in EZ Dock Case

In general, the EZ Dock case related to molded dock sections coupled together with rubber male-type anchors. In this case, the following fact pattern was cited by the Federal Circuit:

After Schafer established its *prima facie* case that the '055 patent was invalid due to an on-sale bar, EZ Dock put forth evidence to negate that evidence by showing that its sale to Mr. Greden was experimental. When Mr. Greden

purchased his dock, EZ Dock was not yet selling any docks. Mr. Neitzke did not have a "for sale" sign, brochure, or any other markings to indicate that the docks he had in his office supply store were for sale. Rather, Mr. Greden initiated the purchase of the dock. Mr. Greden did not pay full market price for the dock. Moreover Mr. Neitzke added free equipment and free installation to the price he did charge Mr. Greden. This evidence creates a genuine issue regarding the factual support for whether the inventors offered their invention for a commercial sale under market conditions in accordance with the first part of the *Pfaff* test. *EZ Dock v. Schafer Systems*, at 276 F.3d 1347, 1353.

Therefore, the relevant facts in this case include the following: the buyer and not the inventors initiated the sale, the buyer did not pay full market price, the inventors provided installation and equipment for free, the inventors visited the buyer's premises on several occasions, the inventors made free repairs, there was a need to test the invention for durability under the conditions at the buyer's premises, and the inventors changed the feature of the embodiment sold to the buyer.

Now referring to the facts of the present case, it can be shown that the first prong of the *Pfaff* test has not been reached.

Analysis

Reference is now made to the attached Declaration of one of the co-inventors, Mr. Bruce McDugie. This attached Declaration was executed on September 6, 2006, by

Mr. McDugle, and there is also attached an earlier Declaration of Mr. McDugle signed on August 23, 2004.

In page of 3 of the attached latest McDugle Declaration of this September 6, 2006, Mr. McDugle made it very clear that if he had not entered into an arrangement such as with Mr. Murch (the purchaser), he would not have tried to engage in a commercial sale of this thruster what has yet to be designed and manufactured.

1. Purchaser Initiated Sale

Mr. McDugle also points out that he did not solicit a sale from Mr. Murch. Mr. Murch came to him and Mr. McDugle told Mr. Murch that he had had different ideas about how the thruster could be made to be compatible with boats with shallow draft, but he regarded these ideas as experimental and made that very clear to Mr. Murch.

2. Did Not Pay Full Price

Further, on pages 4 and 5, Mr. McDugle points out that he was also sticking his neck out financially in that he was obligated to do further design work if needed without receiving any compensation except for Mr. Murch paying for the out-of-pockets.

3. Inventor Followed up with Purchaser

The inventor made several calls to the purchaser thereafter, and as recited in paragraph 13 on page 11 of his Declaration on August 23, 2004, adjustments were made such as moving the thrust assembly upwardly two inches closer to the relative bottom surface of the stern. Further, other changes were noted to address the problem of water flowing upwardly in a curve around the rear surface of the thrust housing. Further modification was made for the lower concave surface of these extension

members in a more circular configuration 10 as shown in the attached figure of his Declaration. It should be noted that paragraph 13 of the inventor's Declaration relates to actions for a second prototype.

4. Inventor Had Sufficient Control

With regard to the general nature of control of the first prototype, as recited in the inventor's Declaration of August 23, 2004 in paragraph 12, the inventor stated on November 16, 2001 that he and Mr. Murch met at the Cap Sante Marine Ltd. place of business, where Mr. Murch, along with the inventor and another employee Cap Sante, Mr. Patterson, were in attendance when the inventor observed water passing under the thrust assembly and noticed it was adhering to the cylindrical housing, and at this point there was a modification made to the apparatus. Such activity indicates additional control and testing over the prototype, indicating experimental use.

As recited in the middle portion of paragraph 12 on page 10 of the inventor's Declaration, the inventor made several calls to Mr. Murch, attempting to contact him thereafter. After contact, additional modification was made with the motor portion of the apparatus.

5. Inventor Changed Design Based on Results

It should be noted that the applicant has changed the feature of the embodiment due to this testing, as recited in the seventh fact pattern in the EZ Dock case. One of the changed factors is a perimeter flange, which is shown in the top view in Fig. 4. Further, another change resulting from this experimental use was the position of the internal motor, which is now positioned in a more lateral orientation with respect to the main housing as shown in Fig. 3 (see the opener 104 to which a drive shaft is

positioned in the ANSI text on page 20, beginning at line 6). Of course, the applicant does not intend to limit the claims to such an orientation, but the point is that adjustment of the preferred embodiment was made directly related to the experimental use. Further, these changes from the original prototype manifested themselves by way of claims, albeit dependent claims.

Now let us turn our attention to the newly submitted claims 49 through 64. Claim 49 has substantially the same recitations as in the other parent claims, except that in paragraph d) of claim 49 it recites that each extension member has a perimeter flange connected to, and positioned around at least a substantial portion of a lower perimeter edge portion of the extension member, with the perimeter flange positioned with a substantial horizontal alignment component from the lower perimeter edge portion to extend into the surrounding water.

This relates to the perimeter flange 86. This is also discussed in page 13 of Mr. McDugle's earlier Declaration. Mr. McDugle points out that with that perimeter flange it made an improvement in the flow pattern of the water so that there was less pressure loss and less turbulence in the water entering the passageways defined by the extensions. He also points out that by observing the water flow the laterally extending perimeter flange would split the water flow in a manner so that the water above the flange would flow more easily over the extensions and the water below the flange would flow more evenly into the partial passage provided by the extensions.

At the bottom part of page 13, Mr. McDugle indicates that he is reasonably confident in saying that he increased the effect of thrust as a minimum by 50% and quite possibly as much as 100% over the first prototype. Although he does not have

precise measurements of this, this is based upon his observations of the ability to move the boat sideways, which would of course have a proportional relationship to the thrust provided by the thrust assembly.

Of course, the above-noted factors merely show fact patterns similar to the EZ Dock case, where of course other facts in the present case indicate that the general nature of the transaction as experimental.

As recited in the inventor's second Declaration of September 6, 2006, there was limited knowledge of the likelihood of success of the embodiment, and as noted in column 8, the motivation for the prototype was for experimentation.

Then on page 5 of the later McDugle Declaration, Mr. McDugle was also asked to clarify to the undersigned the question of whether he regarded the arrangement with Mr. Murch as an experimental arrangement or more commercial. Again, Mr. McDugle made it quite clear that "without a doubt my answer is that substantially my entire motivation was for the purpose of experimental and I believe this is very clear from my Declaration."

Conclusion Regarding the Overall Nature of the Facts

Further, regarding the general nature of the sale, it can be appreciated that the sale between Cap Sante (the assignee of the application) and the purchaser had a general fact pattern of a significant amount of modification, uncertainty in the design, changes to the design, a single sale without any additional sales until much later, selling to and working with an engineer purchaser who is generally more tolerant of a development process and other possible potential customers, and other factors noted

above and which can be appreciated through the nature of the various declarations. The whole nature of the 102(b) statutory bar is to prevent effectively extending the life of the patent where the inventor incurs many sales, makes a large profit off the patent and then files a patent to effectively extend the life of his limited monopoly. Taking a step back and looking at the facts in totality, it is clear that the inventor in this case was not seeking to extend the life of the patent, and that the overall theme and spirit of his actions were very experimental.

It is respectfully submitted that the claims of the application should be made allowable. However, if there are any matters which need clarification, or if there are any of these matters which the Examiner feels could be expedited by a telephone conference with the undersigned, such would be welcome. The Applicant's attorney can normally be reached at the telephone number set forth below.

Signed at Bellingham, County of Whatcom, State of Washington this February 20, 2007.

Respectfully submitted,
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The subject of a
commercial offer for
sale not primarily for
experimental purposes

AND

ON SALE BAR
as per Pfaff

Ready for patenting

By proof of reduction to
practice before the critical
date

OR

By proof that prior to the
critical date the inventor had
prepared drawings or other
descriptions of the invention
that were sufficiently specific
to enable a person skilled in
the art to practice the
invention